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### Interview with Mark Arnold

Elizabeth Lewis

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Researcher's name: Elizabeth Lewis

Event: Interview with Mark Arnold

Place: FSA

Co-Worker: None

L: This is Liz Lewis interviewing Mark Arnold on January 26<sup>th</sup> here at the FSA offices. Um, so Mark, how long have you been working here?

M: Um, I've been working here in the Mount Vernon office almost 11 years and I worked for a year and a half before that in London.

L: Oh wow, what did you do in London?

M: Um, I was a farm loan officer. Um, a loan officer making loans to farmers. Same thing I'm doing here. [Laughter]

L: So what are some of your responsibilities with FSA?

M: Ah my responsibilities are making and servicing direct farm loans to individuals and working with lenders to make guaranteed loans also to farmers.

L: Mhmm. What kinds of farmers are you giving loans to?

M: Ah we make quite a variety. Most of them... I cover three counties: Knox, Holmes, and Marrow County. And probably the majority of the loans are to grain farmers (corn, soybeans, wheat), but we also have some livestock, hog farms, dairy farms, and some beef farms, so quite a variety.

L: Are these loans mostly for start-up costs? Or are they...

M: Um, a lot of them are to purchase farms, you know. Trying to help some of the younger farmers get in to making their first purchases of real-estate. And, also, then some good majority are what we call "operating loans," which is one year loans to put out crops, you know, or to buy market animals. Or then we also do longer-term operating loans to purchase breeding stock or equipment/machinery.

L: So these are mostly for younger farmers?

M: Well, they can be for anyone, but most of the real-estate loans lately to purchase farms have been younger farmers trying to... they may have been farming for a while renting ground but now their trying to purchase their first piece of real-estate and start building their asset base.

L: On average, how big are these loans?



M: Um, for our direct loans the most we can loan is \$200,000 dollars. On average it's probably about \$175,000, on average.

L: Um, why is it that most of the people who start up farms are going into grain farming?

M: Um, it depends on... you know, a lot of them are because there are less and less livestock farms around. But, there's ones that maybe the families had a dairy operation, for example, and maybe the son or daughter went off to college and has come back and is trying to, um, become more involved in the operation. So...

L: Um, in terms of corn production, do you know how much corn is produced in Knox County?

M: Yeah, if you have a minute, I don't know off the top of my head, but I can pull it here on the computer.

L: Or maybe not just corn, but the different grains that are produced.

M: Yeah. I can tell from 2005 information, because 2006 information is not out yet. [flipping through pages]. Okay, for Knox County in 2005 there was, um, 44,400 acres harvested for corn and 51,400 acres of soybeans harvested. Now, do you want the bushels too?

L: No, that should be good. But, how does this compare to other counties? Is it much higher?

M: Um, just a minute there's a ranking in here that ranks all the different counties. Ah, here it is. Corn: Knox County is rated 34<sup>th</sup> in the state and 40<sup>th</sup> in soybeans.

L: Where does most of the corn go?

M: Ah, a lot of it is sold here in Mount Vernon to the farmers exchange or the co-op. A lot of it's hauled to Columbus. I'd say most of it around here ends up as feed, livestock feed, or is processed for other industrial type uses, not so much for food grade.

L: Is it going to other states or is it staying mostly in Ohio?

M: Um, it's kind of hard to know. Mostly if it's feed, there are feed plants in Ohio. You know, a lot of it is shipped out by rail or by barge and I'm not sure exactly where it goes to be processed.

L: Or if it goes internationally.

M: Yeah, some of it's exported, so...

L: Do you know where most of the farmers are buying their seeds?



M: Yeah, there are a lot of seed companies out there. Sometimes there's farmers that also deal with seed sales, um, a lot of times through the Farmer's Exchange up here or through other dealers. I mean, you have your big companies (Pioneer, Buckell). There's dealers that are located around here that they go through.

L: Okay... So, when did FSA start?

M: FSA, Farm Service Agency, actually was start/formed in 1995-6. It was the merging of two other USDA agencies. There was the Farmers Home Administration, which did the farm loans, like what I do. And then there was the, it's called ASCS, Agricultural Stabilization Conservation Service, um, that they administered all the government farm programs. The Conservation Reserve Program and the programs where the farmers get payments for the different programs that congress puts out. So, those have both been around since the 1930s, and it was merged into FSA in 1996.

L: So the 1930s is when the government started up subsidies to help out farmers during the Great Depression?

M: Yeah I think it was, I'm not totally sure, but I think it was part of that era, that Depression Era. Yeah, the subsidy system... and, part of it I'm familiar with having grown up on a farm, but I'm not sure the total history on the subject, but yeah there's been a couple different variations on it. Because, like in the '70s and way into the '80s you were paid not to plant some acres.

L: Why did they do that?

M: It was a way that was trying to control or supply and demand that, to, um, that there wasn't quite as much acreage planted that it was going to boost the prices to help the farmers. Reduce production. And then, um, like I said, it was that way for a while. Then in either the '96 or 2002 Farm Bill they to, there was no restrictions, you could plant whatever you wanted to plant. They just set up a base contract payment each year.

L: So that's the current subsidy system is unlimited production? Does that lead to a lowering of prices for corn?

M: Um, it did, but we just started into a different phase with all the ethanol plants coming on line. Um, actually corn right now is around \$3.00. It's the highest it's been in quite a few years. So with the ethanol plants coming on-line it's created more of a demand for corn and for corn acres. So that's raised the price. It's also actually raised the price of bean and too because to compete for the acres they've got to bump up the prices to get farmers to plant acres to beans and wheat.

L: So are more farmers going to get into corn planting for ethanol?



M: Um, I don't know. In talking to some of them and what I've read, around here I think that most farmers have a rotation of corn-beans or corn-beans-wheat, um, most of them are going to keep that rotation. You know, I've heard there are some that's going to plant more corn, because of the price right now. I think it's still kind of early to tell.

L: So with the current subsidy system, are a lot of people wanting to change the way it is right now or are they happy with how it is?

M: Ah, I guess that depends on which side you're coming from. You know, a lot of the... I think as far as the farmers are concerned, they're probably fairly happy with the way it is right now. But, ah, there's a lot of people who want to change it too.

L: Why do they want to change it?

M: Um, some want to change it... Ah, the pressure is coming from different areas. This farm bill, this upcoming farm bill, there's a lot of pressure from outside your "typical farm groups" trying to meet world trade organizations criteria, what they'll allow for trades. Um, there's pressure from environmental group. Pressure, you know, to cover things that haven't typically been covered, whether it's nursery or organic side of it now. A lot of different groups that typically haven't been covered in the farm bills before that are trying to get...

L: Mostly groups that are advocating a different type of agriculture almost?

M: Well, some of that. There are some people who think that you should let the free market system go and there shouldn't be any subsidies too. I mean there's quite a variety.

L: If you eliminate subsidies that might be really hard on farmers?

M: Um, it possibly could. So, this is my own opinion, but in the same token it might kind of weed out some of the poor managers. You know, I'm not advocating that, but, you know, it could weed out some of the poorer managers that the subsidies are keeping in business even though they're not really doing a good job of managing their business. I mean, looking at it from strictly a business stand-point.

L: But, I've heard that (and I really don't know much about subsidies) but that subsidies can sometimes cause an increase in agribusinesses just by allowing the larger farms to get more money. I don't know if that's correct...

M: Um, and, again, I'm not... since I deal strictly with loans, I mean, I have some idea of on the subsidies because that comes into play with our programs, but there are payment limitations that they have set-up that try to limit and keep that from happening.

L: So a small-family farm can get subsidies as easy as bigger ones?



M: Yeah, anybody can, you know, providing they meet all the criteria, yeah anyone, provided they farm 50 acres or 5,000 the amount... they can sign up... It's just the person who farms 5,000, there's a payment limitation there, they're only going to get so much.

L: Um, is the FSA involved with the new farm bill at all?

M: Um, not really, being a government agency we just administer basically whatever they come up with. So as an agency no.

L: You work on more of the local level giving out loans, but how does your organization interact with the national level?

M: Okay, we have a state office in Columbus. You know, if we have special situations, or whatever that we can't figure, we submit it to them. If they can't figure it out then they submit it to the national office. We also have two different employee associations within FSA, one for the farm loan programs and one for the farm programs. And through those employee associations they meet with the people in the national office and we can submit resolutions or ideas that might help things go better and be beneficial to both our customers and the agency and so through that process...

L: Um, how have these agencies changed over time?

M: Um, they have. Again going back to the subsidies programs, the "Freedom to Farm" where they could farm whatever crop and produce without the restriction on acreage, um, that's changed a lot. As far as the loans, our direct loans have been pretty much the same for a while. But the biggest one is in our guaranteed loans, that's where we work with lenders, we'll deal with a customer and then they government will guarantee up to 90 percent of that loan. That program has been stream-lined and kind of set-up with different levels of lenders so that the highest level has a history of making guaranteed loans right without losses. The paperwork they have to submit is much less so that stream-lined the process working with them. Um, we have, as far as direct, we've done some upgrades as far as software to kind of move into the 21<sup>st</sup> century [Laughter] and try to make our job easier and better to try to evaluate any financial information that's submitted, do that better.

L: What different kinds of programs do you have for dealing with environmental issues associated with agriculture? Or is that not a part of your agency?

M: It is. As far as loans, what I do, we have environmental guidelines that we have to check and go through before we can make someone a loan, make them eligible, make sure that they're not going to destroy wetlands, you know. Or that they're practice is environmentally sound, that... if it's a livestock operation they handle the manure, the waste, in a manner that the EPA says and Natural Resources says... Now I know as far as the other part of the office, the Farm Programs side, they have what's called the CRP program, which sets ground aside for ten years like grasses or whatever so it let's the soil rebuild. So you know, they also have other programs of putting, um, builder strips along



ditch, banks, and creeks to help slow down erosion and that kind of thing. They also have programs to fence livestock out of streams and creeks to keep... fence them out to have, you know, just one place they cross instead of letting them walk on through the stream or creek. So that's some of the environmental things.

L: Do most of the farmers already have structures established already and are approved pretty quickly? Or...

M: Um, yeah for the most part they do. You always have some people that don't, but for the most part if they don't have it they're working at establishing it, so....

L: Are most of the farmers older generation?

M: Ah, Knox County... this is my best guesstimate. Maybe 50-55 year range.

L: I ask because I've been seeing a lot of "For Rent" signs up. Do you deal with land like that people are looking at developing? Or are you only focused on helping the crop part?

M: We only focus on farms that are going to be in production agriculturally. Grains or livestock or whatever. We don't deal with people who are building houses. Our focus is on production.

L: You said that you lived on a farm growing up? What kind of farm was it?

M: Yeah we did. We farmed a grain farm that fed out 70 head of cattle per year. So it was beef and grain operation.

L: Was that here?

M: No, that was in Allen County.

L: And have you seen many changes in agriculture throughout your lifetime?

M: Um, yes. Technology being the big one. Um, there's more and more technology out there for farmers where they can... that want to take advantage of the global positioning... they can map their yield and track things on a small scale across the field so they can better determine what they need to do, whether it needs drainage or doing a lot of variable rate fertilizer applications. So they're putting the money where it's needed not just at a uniform rate across the whole field where they don't need it. And another thing is, it's the cost of not only land equipment, it's gone up considerable.

L: How have land prices gone up?

M: I'd say the average price of land around here is probably around \$4,500 per acre. That's average. There's been some that have gone for quite a bit more than that. Um, some less, but I think in our area, I think in the late 70s early 80s, where I grew up I think



it was maybe \$800 per acre.

L: Wow, it must be really hard for farmers to get into.

M: Yeah, and it's the pressure on the land, that's another change. When I was growing up the pressure on people buying up the land was farmer against farmer. Now you have farmer versus developers and speculators that wanted to divide it up and lot it up and build houses or whatever.

L: How recent is that?

M: Um, probably the last 6-8 years.

L: Very recent.

M: I mean it's probably been going on for a while, but it's really increased, especially where we're located close to Columbus. You know, people can buy something out in the country and still drive to their job in Columbus or wherever.

L: Are people buying more and more equipment too?

M: Um, I think it's slowed down some, it's still, um... Maybe not buy as much equipment, but buy bigger more efficient equipment and try to do more with what, instead of having several smaller pieces buy bigger equipment and try to do more, you know. Because the other thing is that it's harder and harder to find people to help or to work, labor, outside labor from the family, so you've got to do more with less people.

L: When did we start getting more and more mechanized farms?

M: Probably after World War II. I think you had a lot of people, again it was migration from the farms to factories and stuff in towns, um, and, well... Actually during WWII people who we're fighting were working in the factories making ships and planes and whatever else, and so they had to get more done on the farms with less help. So I think that's what really started the mechanization as people moved away from the farms they needed to get stuff done. It's kind of been a steady trend.

L: Does that mean that we have a rise in agribusiness? Or is the rise of agribusiness different than the loss of smaller farms?

M: Agribusiness, when I think of agribusinesses.. That takes in all the different businesses that supply or are affiliated with agriculture whether it's the equipment, fertilizer and seed dealers, or the processors.

L: So, when did the agribusinesses really start in this country?



M: Um, probably about, you know some have been around for a long long time, but, more and more started in the 50s and 60s.

L: And they just make it easier for farmers to sell their products and to receive seeds and fertilizers and pesticides?

M: Yeah, yeah. They make it more convenient, more local. More local, but yet, with a broader base nationally. They can reap the benefits of you know a head-quarters, a company that might be located in Iowa, but you can still get the local dealers to reap the benefits here in Ohio, for example. Nothing specific, but...

L: So they do help the local economy, because the farmers can sell directly to these bigger companies instead of selling directly to Ohioans.

M: Yes, but I was thinking more that taking advantage of technology and research and development. But having the local person that you can deal with. And you can sell local but then in turn they might sell it off to a larger company. And they might get a better price through that company.

L: Um, I still don't know if I understand why agribusinesses formed.

M: Why agribusinesses formed? I mean, I think in some form or another they've been around for a long time, but more and more of them came during the 50s and such. They formed because there was a need for them, I guess. You know, you had farmers, for example, buying fertilizer, seeds, or whatever, and you know, the farmers needed, they didn't all want to deal, they couldn't all deal with the headquarters of Indiana or something. So local people became dealers. Plus they provide better, more customer service, because they were local and if they had a problem, they could come out and get that resolved.

L: Like an extension agency?

M: Well, yeah, but a lot of time, like your seed companies, if you have a problem with your corn or beans, they'll send somebody out to look at it too. Because if the seed doesn't perform it reflects bad on the seed company so they want to take care of you. Or the same with the fertilizer and chemical companies. You have local people that will come out and help you if you have a problem, and, you know make recommendations on what you should use, what the best seed for your area, your farms are, so that you're farming with the best soil. So there's more of a one-on-one interaction.

L: So those signs up in corn fields usually mean that the plants are owned by a certain agribusiness?

M: No, that's just basically advertising. For example, if you see a "Pioneer Seed Corn" sign in a field, that's just advertising that this farmer planted this particular variety of seed. So if you drive by and see a real good stand of corn and stuff that's really good,



you're going to remember, "Hmm, I remember Jill had a field of Pioneer that looked really good." But on the same token, if you drive by and a field looked really bad...

L: But isn't Pioneer or for example another seed like Pioneer usually owned by the bigger businesses.

M: Well, um, like Pioneer... the different seed companies, some of them are smaller scale, others like Pioneer are huge multinational companies, it just depends. There's a variety.

L: Well, [hmmm]. Do you guys interact much with the Ohio Extension Agency?

M: Um, we do some. For example, I might get a loan request for a goat operation, goats or something, that I'm not familiar with, I will go down and talk to them. Or if someone wants to do a different... I'm trying to think of another... or have questions, yeah we interact with them.

L: Mostly for clarification.

M: Yeah, we interact with them locally.

L: Any other agencies that you interact with?

M: We work with NRCS, Natural Resource Conservation Service, um, on environmental issues. Like I have to get information from them if I need to make a loan and there's wetlands involved or stuff like that. Um we also, I'd say most of our state offices work closer with them, but we also have to work again with Fish and Wildlife on endangered species. We have a list of endangered species in the county here, making sure that the area we're looking to make the loans are not going to effect them. And the State Historical Preservation office, making sure archeological site or historic buildings wont be disturbed or damaged.

L: Are there any other ways you guys are involved in policies, creating rules and regulations for the county or are you exclusively into economic issues?

M: Yeah, all of our rules and regulations are handed down federally from Congress, so...

L: What kinds of rules and regulations are these?

M: Oh we have books and books and books. [Laughter] Yeah, they're regulations that are specific to each program, each loan program, what eligibility criteria that you have to meet to get a loan, how we have time frames that we're supposed to get everything done by, um what we can and cannot lend money for, um, how to service a loan if someone become delinquent or whatever. So there's a whole bunch of different criteria and it's all under the federal regulations.



L: Very complicated?

M: Yeah, they're actually working on stream-lining... they're hoping to get more of it done.

L: [Pause in Conversation] Well, I think that should do it. It was great to talk to you. Oh, also, can I get back to you if I think of any more questions?

M: Sure.

L: And, do you have anyone else that you recommend talking to about politics and how they affect agriculture in Knox County?

M: Um, I would talk with Allen Stockburger who was County Commissioner. He's a farmer and County Commissioner so the various things at the county level that they do.

L: Great. Do you have his number by chance?

M: No, I don't.

L: That's okay, I can find it. Thanks so much